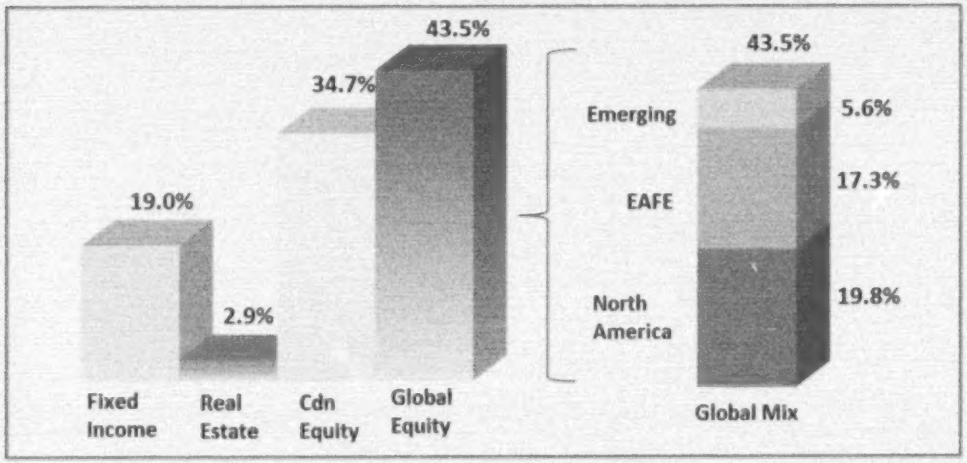
Newfoundland & Labrador Pooled Pension Fund

Quarterly Update – Second Quarter Ended June 30, 2014

Newfoundland Labrador

Asset Mix

Current



Asset Breakdown by Pension Plan

As of June 30, 2014, net assets in the five plans participating in the Province of Newfoundland and Labrador Pooled Pension Fund were as follows:

Pension Plan	Net Assets ($M)
Public Service Pension Plan	5,142.7
Teachers' Pension Plan	2,963.3
Uniformed Services Pension Plan	183.7
Members of the House of Assembly	19.9
Provincial Court Judges' Pension Plan	6.8
Total Assets	**8,316.4**

Fund Performance and Global Market Index Returns at June 30, 2014

The primary objective of the Plan's investment portfolio is to maximize returns in order to secure the promised pension benefits of the Fund.

			Annualized Return to June 30, 2014 (%)		
	Quarter	YTD	1 Year	4 year	10 year
NL Pooled Pension Fund	**3.1**	**8.3**	**23.7**	**12.9**	**8.0**
Policy Benchmark Return	*3.3*	*8.3*	*21.1*	*11.8*	7.2
S&P / TSX Composite Index	6.4	12.9	28.7	10.8	8.8
S&P 500	1.6	7.4	25.8	20.0	5.3
MSCI EAFE Index	0.7	5.4	25.3	13.9	5.0
MSCI All Country World Index	1.6	6.8	24.8	15.6	5.6
FTSE TMX Canada Universe Bond Index	2.0	4.8	5.3	4.8	5.6
ICREIM/IPD Cdn Property Index	1.4	2.7	7.7	12.1	11.6

Note: The Policy Benchmark Return is defined as the return that would have been achieved had each individual asset allocation earned a return equivalent to their respective benchmark.

Top 20 Public Equity Holdings at June 30, 2014

Stock	Country	$Million	%
TORONTO DOMINION BANK	Canada	198	2.41
ROYAL BANK OF CANADA	Canada	166	2.02
BANK OF NOVA SCOTIA	Canada	156	1.89
CANADIAN NATURAL RESOURCES	Canada	92	1.11
TELUS	Canada	86	1.04
CANADIAN NATIONAL RAILWAY	Canada	78	0.95
MAGNA INTL	Canada	77	0.94
SUNCOR ENERGY	Canada	66	0.80
MANULIFE FINANCIAL	Canada	66	0.80
ROGERS COMMUNICATIONS	Canada	59	0.71
CANADIAN IMPERIAL BK OF COMM	Canada	56	0.68
VALEANT PHARMACEUTICALS INTL	Canada	55	0.67
CANADIAN PACIFIC RAILWAY	Canada	55	0.67
MARKEL	United States	42	0.51
BROOKFIELD ASSET MGMT	Canada	41	0.50
CGI GROUP	Canada	41	0.49
CENOVUS ENERGY	Canada	40	0.49
AMAZON.COM	United States	39	0.47
APPLE	United States	38	0.46
NOVARTIS	Switzerland	37	0.45

Pension Fund Investment Managers As of June 30, 2014

The Province of Newfoundland and Labrador Pooled Pension Fund utilizes external investment management firms to invest the assets of the Fund. As at June 30, 2014, the external investment fund management group was comprised of the following firms:

Name of Firm	Asset Class
Baillie Gifford Overseas Limited	Global Equity
Bentall Kennedy (Canada) Limited	Real Estate
Beutel, Goodman and Company Limited	Canadian Equity
Beutel, Goodman and Company Limited	Fixed Income
BlackRock Asset Management Canada Limited	Canadian Equity
Connor, Clark and Lunn Investment Management	Canadian Equity
Fiera Capital Corporation	Fixed Income
Global Thematic Partners, LLP	Global Equity
Phillips, Hager and North Investment Management	Fixed Income
Pyramis/Fidelity Investments Canada ULC	Canadian Equity
QV Investors Inc.	Canadian Equity
Sprucegrove Investment Management Limited	Global Equity
T. Rowe Price (Canada), Inc.	Global Equity
Wellington Management Company, LLP	Global Equity

Investment Commentary

Despite some positive signs of an economic recovery, bond yields throughout North America drifted lower in the second quarter of 2014. This resulted in strong returns, with the FTSE TMX Canada Universe Bond Index posting a return of 2.0% for the quarter. Canadian long term bonds outperformed other durations, while high yield bonds maintained the strongest one-year performance. The S&P/TSX Composite Index continued to be one of the stronger equity markets with a 6.4% return. The energy and industrial sectors were the top performers, with the health care sector falling from the highest performing sector in the first quarter to the poorest performing in the second quarter. Global equity markets continued to climb over the quarter. Unlike previous quarters, however, much of this was driven by Emerging Markets. The MSCI All Country World Index posted a 1.6% return, with all sectors producing positive returns. The S&P 500 Index also showed a return of 1.6% for the quarter. The ICREIM/IPD Canadian Property Index was only slightly positive for the quarter, however the one year return remains strong at 7.7%.

For the quarter, the Newfoundland and Labrador Pooled Pension Fund had a positive return of 3.1%, but underperformed its benchmark by 20 basis points. For the twelve months ended June 30, 2014, the Fund generated a 23.7% return, exceeding its benchmark by 2.6% due to continued strong performance in the Canadian and global equity markets. After an extremely weak first quarter, the Canadian dollar rebounded in the second quarter, posting a 2.3% gain against the U.S. dollar. The weaker U.S. dollar led to strong performance in all of the major markets.